



# WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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## STAFF REPORT

BOARD MEETING DATE: October 14, 2014

CM/ACM KS  
Finance DN  
DA pel  
Risk Mgt N/A PDM  
HR N/A  
Other N/A

**DATE:** September 23, 2014  
**TO:** Board of County Commissioners  
**FROM:** Paul McArthur, Comptroller  
328-2552, [pmcarthur@washoecounty.us](mailto:pmcarthur@washoecounty.us)  
**THROUGH:** John Slaughter, County Manager  
**SUBJECT:** Recommendation to adopt a Resolution directing the defeasance and redemption of the Washoe County, Nevada, General Obligation (limited tax) Water and Sewer Bonds (additionally secured by pledged revenues) Series 2005; and providing other details in connection therewith. (All Commission Districts.)

### SUMMARY

The purpose of this report is to support the merger of Community Services' Water Utility (CSWU) with the Truckee Meadows Water Authority (TMWA) by continuing the utility debt restructuring process. A step in that process requires the County to approved a resolution that will authorize the defeasance and redemption the of the Series 2005 Water and Sewer Bonds by creating an escrow account to be funded by TMWA issuing new debt. The effect of this transaction will result in TMWA effectively having responsibility to pay the debt.

Washoe County Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

### PREVIOUS ACTION

Various Dates 1997 to 2006: The Board of County Commissioners (Board) took numerous actions in approving the issuance of utility related debt between 1997 and 2006.

On December 9, 2009, the Board entered into an interlocal agreement with the Truckee Meadows Water Authority (TMWA) Board of Directors governing a proposed merger of CSWU.

On March 19, 2014, The Board and the TMWA Board of Directors held a joint meeting and directed staffs from both entities to complete the merger with an anticipated closing date to occur in December 2014.

### BACKGROUND

A key requirement of the water utility merger is to allocate approximately \$56.5 million of existing debt (principal balance as of June 30, 2014) that was issued by Washoe County to fund infrastructure used to provide its utility services (i.e., water, wastewater, reclaimed water and

storm water). Washoe County will retain approximately \$20.9 million of the debt associated with all non-potable water utility services and TMWA will assume approximately \$35.6 million of the debt associated with the water utility.

The two County utility debt issues to be assumed by TMWA (see the table below) will be restructured so that TMWA will be obligated to pay those debts. The methods to restructure the debts to be assumed by TMWA take two forms: the \$9.5 million 2005 Longley Lane Bond will be restructured by TMWA and the Clean Water State Revolving Fund (SRF) those parties agreeing to issue to TMWA a substitute a bond for the County's SRF bond; and the \$26.1 million 2005 Water and Sewer bond will be defeased (i.e., prepaid) by TMWA issuing new debt that will be used to fund an escrow account that will be used to make the required principle and interest payments on that debt. In order to accomplish the second debt restructuring it is necessary for the Board to approve a Resolution that will authorize the defeasance and redemption of the Series 2005 Water and Sewer Bond.

Washoe County Utility Related Debt  
Principal Outstanding at June 30, 2014

	Debt Obligations Allocated To:			
	Issue Date	Maturity Date	Washoe County	TMWA
<b>The State Treasurer Held Debt:</b>				
1997 Lemmon Valley Bond	08/97	01/18	\$325,586	
2000A South Truckee Meadows Bond	06/00	01/20	349,557	
2000B Horizon Hills Bond	06/00	01/20	69,543	
2001 STMWRF Bond	02/01	07/21	10,404,929	
2004 Cold Springs Bond	06/04	01/24	1,837,964	
2005 Longley Lane Bond in the Safe Drinking Water SRF	06/05	01/25		\$9,480,179
2005A Spanish Springs Bond in the Clean Water SRF	08/06	07/26	4,666,779	
<b>Public Held Debt:</b>				
2005 Water and Sewer Bonds	12/05	01/35		26,100,000
2006 Storm Sewer Bond, Pinnacle Public Finance, Inc.	11/06	01/26	3,210,048	
<b>Total Washoe County Utility Related Debt of \$56,444,585 as allocated</b>			<b>\$20,864,406</b>	<b>\$35,580,179</b>

### **FISCAL IMPACT**

Upon approval of the resolution actions will be undertaken to defease the \$26.1 million 2005 Water and Sewer Bonds, which will then no longer be an obligation of the County.

### **RECOMMENDATION**

It is recommended that the Board of County Commissioners adopt a Resolution directing the defeasance and redemption of the Washoe County, Nevada, General Obligation (limited tax) Water and Sewer Bonds (additionally secured by pledged revenues) Series 2005; and providing other details in connection therewith

### **POSSIBLE MOTION**

Should the Board agree with Staff's recommendation a possible motion would be: "Move to Commissioners adopt a Resolution directing the defeasance and redemption of the Washoe County, Nevada, General Obligation (limited tax) Water and Sewer Bonds (additionally secured by pledged revenues) Series 2005; and providing other details in connection therewith."

Summary - a resolution directing the defeasance and redemption of the outstanding Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series 2005.

**RESOLUTION NO \_\_\_\_\_**

**A RESOLUTION DIRECTING THE DEFEASANCE AND REDEMPTION OF THE WASHOE COUNTY, NEVADA, GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2005; AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.**

**WHEREAS**, the Board of County Commissioners (the "Board") of Washoe County, Nevada, (the "County," and the "State," respectively), has previously issued its Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series 2005 (the "2005 County Water Bonds"); and

**WHEREAS**, the Truckee Meadows Water Authority (the "Authority") now owns and operates a municipal water system (the "Water System"); and

**WHEREAS**, the Board of Directors of the Authority (the "Authority Board") has determined and declared that the public interest, health and welfare necessitates making certain improvements to the Water System by acquiring the water system owned and operated by the County which, in part, requires the Authority to pay the principal of and interest when due of the 2005 County Water Bonds; and

**WHEREAS**, the Board hereby determines that it is necessary and advisable to defease and redeem the outstanding 2005 County Water Bonds and pay the costs of the defeasance and redemption; and

**WHEREAS**, there has been filed with the County Clerk prior to this meeting, a proposed form of the Escrow Agreement (the "Escrow Agreement") among the County, the Authority and U.S. Bank, National Association, as escrow bank (the "Escrow Bank").

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA:**

Section 1. This resolution shall be known and may be cited by the short title

"2014 Defeasance and Redemption Resolution."

Section 2. The Board hereby directs the defeasance and redemption of the outstanding 2005 County Water Bonds and the payment of the costs of defeasance and redemption with legally available funds as shall be determined by the County Comptroller. The County Comptroller or his designee is hereby authorized to arrange for the defeasance, redemption and the payment of the principal of and interest on the outstanding 2005 County Water Bonds.

Section 3. The County Comptroller or his designee together with the Authority is authorized to specify the method of defeasance and other details of the defeasance and payment of the 2005 County Water Bonds, and if deemed appropriate by the County Comptroller or his designee, to bid the selection of defeasance securities to be deposited into the Escrow Account created by the Escrow Agreement and authorized herein and arrange for the distribution of notice of the defeasance.

Section 4. The officers of the Board and the County together with the Authority are hereby authorized to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limitation, assembling of financial and other information concerning the County and the 2005 County Water Bonds and arranging for a certified public accountant's report to demonstrate the sufficiency of securities and cash in the Escrow Account in connection with the defeasance and redemption of the outstanding 2005 County Water Bonds.

Section 5. The form, terms and provisions of the Escrow Agreement are approved, and the County shall enter into and perform its obligations under such documents in the form thereof filed with the County Clerk prior to this meeting, with such changes, variations, omissions and insertions as the County Comptroller executing such documents shall approve. The execution of the Escrow Agreement by the County Comptroller shall be conclusive evidence of the approval by the Board thereof in accordance with the respective terms hereof. The execution of any document related to the defeasance, redemption and payment of the 2005 County Water Bonds by County officials shall be conclusive evidence of the approval by the Board of such document in accordance with the terms hereof.

Section 6. All resolutions, or parts thereof, in conflict with the provisions of this resolution, are hereby repealed to the extent only of such inconsistency. This repealer shall not be constructed to revive any resolution, or part thereof, heretofore repealed.

Section 7. If any section, paragraph, clause or other provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 8. This resolution shall become effective and be in force immediately upon its adoption.

PASSED AND APPROVED this October 14, 2014.

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Chairman  
Board of County Commissioners  
Washoe County, Nevada

(SEAL)

Attest:

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County Clerk

STATE OF NEVADA       )  
                                  ) ss.  
COUNTY OF WASHOE    )

I am the duly chosen, qualified and acting Clerk of Washoe County (the "County"), in the State of Nevada, and do hereby certify:

1. The foregoing pages constitute a true, correct and compared copy of a resolution of the Board of County Commissioners (the "Board") adopted at a meeting of the Board held on October 14, 2014 (the "Resolution").

2. The members of the Board voted on the Resolution as follows:

Those Voting Aye:

Marsha Berkbigler  
David Humke  
Kitty Jung  
Vaughn Hartung  
Bonnie Weber

Those Voting Nay:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those Absent:

3. The original of the Resolution has been approved and authenticated by the signatures of the Chair of the Board and myself as County Clerk and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by the officers and properly sealed.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of the County this October 14, 2014.

\_\_\_\_\_  
Clerk

The undersigned does hereby certify:

1. All members of the Board were given due and proper notice of the meeting held on October 14, 2014.

2. Pursuant to Nevada Revised Statutes ("NRS") 241.020, written notice of the meeting was given not later than 9:00 a.m. on the third working day before the meeting including in the notice the time, place, location, and agenda of the meeting by posting a copy of the notice at least three working days before the meeting on the County's website, on the official website of the State of Nevada pursuant to NRS 232.2175, at the principal office of the Board, or if there is no principal office, at the building in which the meeting is to be held, and at least three (3) other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Washoe County Administration Complex  
1001 East Ninth Street, Building A  
Reno, Nevada
- ii) Washoe County Courthouse  
Second Judicial District Court  
75 Court Street  
Reno, Nevada
- (iii) Washoe County Central Library  
301 South Center Street  
Reno, Nevada
- (iv) Sparks Justice Court  
1675 East Prater Way  
Sparks, Nevada

is attached as Exhibit A.

3. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was mailed to each person, if any, who has requested notices of meetings of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

**IN WITNESS WHEREOF**, I have hereunto set my hand this October 14, 2014.

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Manager

EXHIBIT A

(Attach Copy of Notice of Meeting)